IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

Income Tax Appeal No. 994 of 2000

The Commissioner of Income Tax .. Appellant
V/s.
M/s. Apex Travels & Tours Pvt. Ltd. .. Respondent

Mr. R.V. Desai with Mr. R. Ashokan for the Appellant
None present for the Respondent

CORAM : S. RADHAKRISHNAN &
J.P. DEVADHAR, JJ.
DATED : 10.01.2005

P.C.:-

1. Heard the learned counsel for the Appellant. None present for the Respondent, though served. Perused the judgment and order dated 2.9.1999 passed by the learned Income Tax Appellate Tribunal, Mumbai Bench- SMC-II.

2. The Tribunal has categorically observed as under:-

> "The C.I.T. (A) deleted the additions on the ground that the assessing officer has not established any nexus between the overdrafts, on which interest was paid by the assessee, and the interest-free advances to the directors and their relatives. Even before the Tribunal also, no such nexus has been established. Admittedly, the interest-free funds available with the assessee in the form of share capital was of Rs. 17,03,000/- in assessment year 1990-91. Therefore, the interest-free advances can be easily said to have come out of such funds. Further, the addition in the assessment year 1990-91 of Rs. 50,000 is an adhoc addition. On the facts and circumstances of the case, in my opinion, no addition on account of notional interest on the interest-free advances given to the directors and their relatives in any of the two years under appeal is called for."

3. Under the aforesaid facts and circumstances and in view of the clear finding of fact, the deletion of

additions by the Tribunal is fully justified, hence the Appeal is devoid of merits, the same stands dismissed.

(S. RADHAKRISHNAN, J.)

(J.P. DEVADHAR, J.)